



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world

Review of 'Affordable Housing Viability Assessment'

Lesnes Estate, Thamesmead

FINAL REPORT

Prepared for
London Borough of Bexley

September 2022

Contents

1	Introduction and Terms of Reference	3
2	Development Description	5
3	Methodology	6
4	Review of Assumptions – September 2021	7
5	Appraisal Outputs – September 2021	11
6	Conclusion – September 2021	13
7	Final Conclusion – September 2022	14

Appendices

Appendix 1 - CDM Construction Cost Review
Appendix 2 - Proposed Scheme Appraisal (September 2021)
Appendix 3 - CDM Cost Response
Appendix 4 - Proposed Scheme Appraisal (September 2022)

1 Introduction and Terms of Reference

The London Borough of Bexley ('the Council') has commissioned BNP Paribas Real Estate to advise on a 'Financial Viability Assessment' dated June 2021 submitted by CBRE on behalf of Peabody ("the Applicant") in relation to development proposals at the Lesnes Estate, Thamesmead, London ("the Site").

The development comprises the redevelopment of the site to provide up to 1,950 residential units and commercial floorspace.

This report provides an objective review of the Applicant's viability assessment in order to advise the Council whether the Applicant's contention that the scheme cannot support more than 35% affordable housing is correct.

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 37 countries in Europe, Middle East, India and the United States of America, including 16 wholly owned and 21 alliances. In 2005, the firm expanded through the acquisition of eight offices of Chesterton and in 2007, the firm acquired the business of Fuller Peiser and Strutt & Parker in 2017. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France, the second largest bank in the Euro Zone and one of only six top rated banks worldwide.

BNP Paribas Real Estate has a wide-ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers ("RPs").

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Jamie Purvis MRICS, RICS Registered Valuer and reviewed by [REDACTED] MRTPI, MRICS, RICS Registered Valuer.

The Development Viability and Affordable Housing Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the provision of affordable housing.

[REDACTED] was a member of the working group which drafted guidance for planning authorities on viability, which was published by the Local Housing Delivery Group in June 2012 as '*Viability Testing Local Plans: Advice to Planning Practitioners*'. He was a member of MHCLG's 'Developer contributions expert panel' which assisted in the drafting of the viability section of the 2019 Planning Practice Guidance. He is also a member of the Mayor of London's Housing Delivery Taskforce expert panel.

In addition, we were retained by Homes England ('HE') to advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report Structure

This report is structured as follows:

Section two provides a brief description of the Development;

Section three describes the methodology that has been adopted;

Section four reviews the assumptions adopted by the Applicant, and where necessary, explains why alternative assumptions have been adopted in our appraisals;

Section five sets out the results of the appraisals;

Section six, we draw conclusions from the analysis;

Finally in **section seven**, we set out our final conclusions.

1.3 The Status of our advice

In preparing this report and the supporting appraisals, we have given full regard to the RICS Guidance Note ('GN') 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (first edition, March 2021). However, paragraph 2.2.3 of the GN acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the GN and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no 'performance-related' or 'contingent' fees have been agreed.

This report is addressed to the London Borough of Bexley only. No liability to any other party is accepted.

2 Development Description

2.1 Site Location and Description

The Site extends to approximately 11.07 hectares comprising the Lesnes Housing Estate. The Site is located within the Thamesmead and Abbey Wood Opportunity Area and is bounded to the west by the A2041 Harrow Manorway with, to the north by Yarnton Way, and by a corridor of open space known as Abbey Way in the north-west, to the east by residential properties fronting on to Maran Way and to the south by Overton Road, Lensbury Way and Abbey Way public open space. Abbey Wood Railway Station is located 900 metres to the south west of the Site which provides regular links into central London, Luton and Kent. Abbey Wood will be served by the Elizabeth Line, which is due to open in 2022.

2.2 Planning History

We have reviewed the Council's planning website and the site has not been subject to any redevelopment proposals that are relevant to this viability assessment.

2.3 The Proposed Development

The Applicant is seeking planning permission for:

"The demolition of the existing buildings and construction of a series of new building at a range of heights up to a maximum of 55 m above ground level, providing up to 1,950 residential units (comprising a mix of private and affordable ownerships) and up to 3,100 sq.m (GIA) of commercial floorspace. The use classes under consideration for the commercial units include A1-A4, D1, D2, and B1a. The proposals also include access improvement works, car and cycle parking, public realm improvements and provision of new outdoor amenity space, and proposed enhancements to the Abbey Way public open space in the east of the site, including planting and pedestrian access improvements".

Table 2.3.1: Proposed Scheme Residential Accommodation

Unit Type/Use	Number of Units	Gross Internal Floor Area (sq/ft)	Net Internal Floor Area (sq/ft)
Market Housing	1,202	1,328,428	929,571
Affordable Housing	647	709,632	540,747
Commercial	4	34,714	34,714
Total	1,853	2,072,774	1,505,032

3 Methodology

The Applicant has submitted their appraisal using Argus Developer ('Argus').

We have also used Argus to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

Argus is a cashflow-backed appraisal model, allowing the finance charges to be accurately calculated over the development/sales period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed;
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value.

The output of the appraisal is a Residual Land Value ('RLV'), which is then compared to an appropriate benchmark, typically the Existing Use Value ('EUV') of the site plus a site-specific landowner's premium, in line with the Planning Practice Guidance.

An Alternative Use Value ('AUV') may also constitute a reasonable benchmark figure where it is considered to be feasible in planning and commercial terms. Development convention and GLA guidance suggests that where a development proposal generates a RLV that is higher than the benchmark, it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing or alternative use or might delay development until the RLV improves.

4 Review of Assumptions – September 2021

In this section, we review the assumptions adopted by the Applicant in their viability assessment.

We highlight that the viability assessment prepared by CBRE incorrectly refers to the 2014 'RICS Valuation – Professional Standards UK' and not the 'RICS Valuation – Global Standards 2020 (the 'Red Book')'. Furthermore, the report does not include a statement of compliance that accords with the RICS Guidance Note 'Financial viability in planning: conduct and reporting (1st edition, May 2019)'.

4.1 Market Housing Revenue

The market housing units generate revenue of c. £483.38m equating to a blended capital value of £520 per sq/ft. In support of this revenue, the Applicant has submitted a residential pricing report dated 7 October 2020. We summarise in Table 4.1.1 the Applicant's proposed scheme sales values and highlight that the report values 1,849 units as market housing units.

Table 4.1.1: Proposed Scheme Sales Values

Beds	Average Floor Area (sq/ft)	Minimum Sale Price	Maximum Sale Price	Average Sale Price	Average £PSF
1	538	£275,000	£325,000	£300,000	£557
2	753	£350,000	£425,000	£387,500	£514
3	926	£450,000	£500,000	£475,000	£513
4	1,066	£500,000	£550,000	£525,000	£493

In support of the sale prices the Applicant provides the following statement:

"There are currently no schemes on the market in the immediate vicinity to the Lesnes Estate. As such we have had to look further afield for comparable evidence to locations such as Woolwich, Barking and the Royal Docks.

There are also several new developments presently transacting and coming forward in the pipeline along the outer Crossrail route, which are comparable with Abbey Wood in terms of commutability into Central London and in the resultant capital value ranges. These will also provide competition for the Lesnes Estate in the wider marketplace".

We note that since the residential pricing report was prepared that a scheme comprising 525 units was launched by the Applicant ('Southmere Village') to the immediate north of the site adjacent to Southmere Lake. We summarise recent asking prices in Table 4.1.2.

Table 4.1.2: Southmere Asking Prices (March 2021)

Unit Type	Floor Area (sq/ft)	Floor	Asking Price	£PSF
1 Bed	538	2	£299,000	£545
1 Bed	581	1	£312,000	£537
1 Bed	570	6	£314,600	£552
1 Bed	581	7	£317,200	£546
1 Bed	581	10	£325,000	£559
1 Bed	581	10	£325,000	£559
1 Bed	667	4	£345,800	£518
2 Bed	861	1	£429,300	£499
2 Bed	775	7	£434,600	£561

Unit Type	Floor Area (sq/ft)	Floor	Asking Price	£PSF
2 Bed	775	10	£450,500	£581
2 Bed	856	4	£471,700	£551
2 Bed	947	5	£498,200	£609
3 Bed	1,066	2	£542,700	£509
3 Bed	1,066	3	£550,800	£517
3 Bed	980	7	£558,900	£570
Total/Average	11,425	-	£6,175,300	£541

Due to the close proximity of Southmere Village to the proposed scheme, we have not considered the Applicant's additional evidence base further detail. We note that the average blended capital value per sq/ft for Southmere asking prices (comprising 15 units) is £541 per sq/ft which is c. 4% higher than the proposed scheme value per sq/ft of £520.

We highlight that the prices at Southmere are asking prices and as a result discounts may be required in order to achieve sales. On that basis, we do not consider the proposed scheme sales values are unreasonable. However, we have also undertaken a sensitivity analysis in section 5 of this report, which demonstrates scheme performance in the event that higher sales values are achieved.

4.2 Affordable Housing Revenue

The affordable housing units generate revenue of c. £169.25m equating to a blended capital value per sq/ft of £313. The Applicant has submitted a breakdown of the capital values per sq/ft in their report, which we summarise in the table below.

Table 4.3.1: Affordable Housing Values

Tenure	£PSF
London Affordable Rent	£266
Shared Ownership	£411
Social Rent	£168

The Applicant's report does not provide a breakdown of the units that have been valued within each tenure. We therefore request that the Applicant submits this information so that we can verify and cross check the values adopted in appraisal. Pending receipt of this information, we have adopted the Applicant's affordable housing revenue. The Applicant has also adopted an Affordable housing grant of £38,000 per shared ownership unit. It is unclear why the Applicant has not attributed any grant funding to the rented units.

4.3 Commercial Revenue

The proposed scheme commercial units generate revenue of c. £10.92m based upon a rent of £15 per sq/ft capitalised at 5.5% together with a void and rent free period of 12 months. We have considered the commercial revenue and for the purpose of this assessment, we do not consider that this is unreasonable.

4.4 Car Parking Revenue

The scheme proposes 580 podium level car spaces which have been valued at £20,000 each generating revenue of c. £11.60m. For the purposes of this assessment, we do not consider that the car parking revenue is unreasonable.

4.5 Construction Costs

The scheme construction costs total c. £525.06m equating to a blended cost rate of c. £258 per sq/ft and in support of the costs the Applicant has submitted a cost plan prepared by Calfordseadon dated 28 May 2021.

The Council has instructed CDM Project Services ('CDM') to review the proposed scheme costs and we attached the CDM cost review as Appendix 1 to this report. In summary, CDM have assessed the proposed scheme costs at c. £494.48m (c. £243 per sq/ft) and we have adopted these costs in our appraisal.

4.6 Community Infrastructure Levy

The Applicant has adopted a total CIL payment of £6,316,995 and we would welcome confirmation from the Council that this total payment is correct.

4.7 Sales, Marketing, Letting & Legal Fees

The Applicant has adopted the following fees summarised in Table 4.7.1 in which we provide the inputs we have adopted in our appraisal.

Table 4.7.1: Sales, Marketing, Letting & Legal Fees

Cost Heading	Adopted Fee	BNPPRE Comments
Market Housing Marketing	1% of value	Agreed
Market Housing Sales Agent Fee	1% of value	Agreed
Market Housing Sales Legal Fee	0.5% of value	0.25% of value
Commercial Marketing	£2 psf	Agreed
Commercial Letting Agent Fee	10% of first years rent	Agreed
Commercial Letting Legal Fee	5% of first years rent	Agreed
Commercial Sales Agent Fee	1% of value	Agreed

4.8 Project Programme

The Applicant has the following project programme summarised in Table 4.8.1 and we have adopted this project programme within our appraisal.

Table 4.8.1: Applicant's Project Programme

Phase	Pre-Construction Start / Duration	Construction Start / Duration	Sale Start / Duration	Total Duration of Phase
1	Jun 21 (9 Months)	Mar 22 (30 Months)	Sep 24 (24 Months)	63 Months
2	Nov 22 (9 Months)	Aug 23 (30 Months)	Feb 26 (24 Months)	63 Months
3	Apr 24 (9 Months)	Jan 25 (24 Months)	Jan 27 (12 Months)	45 Months
4	Mar 26 (9 Months)	Dec 26 (36 Months)	Dec 28 (18 Months)	63 Months
5	Feb 27 (9 Months)	Nov 27 (30 Months)	May 30 (21 Months)	60 Months
Total	June 21	-	Feb 32	128 Months

The Applicant's appraisal assumes that the market housing units sell at 40% off-plan followed by 4 sales per month. We have assumed that the market housing units will sell at a rate of 8 units per month and that 50% off-plan sales will be achieved.

4.9 Decant & Buy-Back Costs

The proposed scheme appraisal includes costs totalling c. £70.52m and in support of these costs the Applicant has provided the following statement:

“We have adopted decant and buy-back costs associated with securing vacant possession of the existing homes at Wolvercote Road and comprise compensation costs associated with compulsory purchase. We have also included the costs already incurred to date, including for the Coralline Walk site which forms part of the site for planning application.

We understand that these costs represent the total cost of properties already decanted, and a forecast of indicative figures for securing the remaining properties. We have adopted a total of £70.5m for the decant and buy-back costs which comprise £22.7m incurred to date and an estimate of £47.8m to be incurred to secure vacant possession”.

We have not been provided with the build up of the decant and buy back costs and we request that the Applicant submits the schedule that informs the costs totalling c. £70.52m.

4.10 Finance

The Applicant has adopted all-inclusive 5.5% finance rate and for the purpose of this assessment we do not consider that this finance rate is unreasonable. Although a bank would not provide 100% of the funding required for the proposed Development it is convention to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

4.11 Developer’s Profit

The Applicant has adopted a profit on value of 20% for the market housing units, 6% on value for the affordable units and 15% on value for the commercial units and car parking spaces.

We have recently experienced a range from 17% to 20% of GDV when considering developments in the London area. We have taken into account the uncertainty that is now apparent after the United Kingdom’s departure from the European Union and the potential risks associated with our future trading relationships with other countries after the transition period has expired, in addition to the risks associated with the Proposed Development.

We have also taken into account the outbreak of the Novel Coronavirus (Covid-19) declared by the World Health Organisation as a “Global Pandemic” on 1 March 2020. There is increased uncertainty in relation to house prices when the market starts to return to full operation again, however, Government intervention in the form of extension to help to buy and 5% mortgage deposits will assist the market overall. We have also taken into account the timetable for the Proposed Development in addition to the comments included above.

Our assessment of profit is based upon the perceived risks associated with the Proposed Development. We therefore consider a profit level of 17.5% of GDV for the market housing units to be appropriate for the location, the price points and the minimal sales risk. We have also adopted a profit on value of 15% for the commercial unit to reflect the lower risk associated with this use compared to the market housing units in addition to a profit of 6% on value for the affordable housing units. In summary, our adopted profit equates to a blended profit of 14.26% on value.

5 Appraisal Outputs – September 2021

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed development and review the benchmark land value.

5.1 Viability Benchmark Site Value

The Applicant has adopted a zero site value on the basis of the following statement:

“We have adopted a nil benchmark land value in consideration of The Mayor’s Good Practice Guide to Estate Generation February 2018 and by advice received by the GLA during pre-application discussions in April 2020”.

As the Applicant is not seeking to establish the value of the existing stock, for the purposes of this assessment, we have also adopted a zero site value benchmark.

5.2 Appraisal Results

We tabulate below the results of the Applicant’s viability assessment.

Table 5.2.1: Applicant’s Appraisal Results

Fixed Site Value	Target Profit (% on GDV / £m)	Scheme Profit (% on GDV)	Surplus/Deficit (% on GDV / £m)
£0m	16% / £108.02m	- 5.15% / - £34.70m	- 21.15% / - £142.72m

In summary, the Applicant’s proposed scheme appraisal generates a deficit of c. £142.72m. We summarise in the tables below our appraisal results.

Table 5.2.3: BNPPRE Appraisal Results

Residual Land Value	Benchmark Site Value	Surplus/Deficit
- c. £48.53m	£0	- c. £48.53m

In summary, our assessment of the scheme generates a deficit of c. £48.53m.

5.3 Sensitivity Analysis

We have also undertaken a sensitivity analysis, which demonstrates scheme performance in the event that market housing sales values and construction costs change by percentage increments.

Table 5.3.1: BNPPRE Sensitivity Analysis

Values	Costs	Residual Land Value	Benchmark Site Value	Surplus/Deficit
+5%	-	- c. £31.62m	£0	- c. £31.62m
+10%	-	- c. £15.32m	£0	- c. £15.32m
+5%	-5%	- c. £9.62m	£0	- c. £9.62m
+5%	-10%	-c. £10.50m	£0	c. £10.50m
+10%	-5%	c. £5.47m	£0	c. £5.47m
+10%	-10%	c. £24.55m	£0	c. £24.55m

In summary, when sales values increase 5% and costs decrease by 10% the scheme generates a surplus of c. £10.50m whilst a 10% increase in costs and a 5% and 10% decrease in costs generates a surplus of c. £5.47m and c. £24.55m.

6 Conclusion – September 2021

We have reviewed the Applicant's viability assessment, which seeks to demonstrate that the scheme cannot support more than 35% affordable housing as the scheme generates a deficit of c. £142.72m.

We have undertaken our own assessment of the scheme and our assessment generates a deficit of c. £48.53m when benchmarked against zero a site value benchmark. We have also undertaken a sensitivity analysis, which demonstrates scheme performance when market housing sales values and construction costs change by percentage increments. In summary, the sales values would need to increase by 10% and costs to decrease by 5% and 10% for the scheme to generate surpluses of c. £5.47m and c. £24.55m. Whilst an increase in sales values of 5% and costs decrease by 10% the scheme generates a surplus of c. £10.50m.

We highlight that the Applicant's project programme spans a duration of c. 10.5 years and we note that the Applicant has at present only considered the scheme on a current day basis. Given the extent of the programme, we request that the Applicant also models the scheme on the basis of revenue growth and cost inflation so that we may consider in further detail.

We would also recommend that the Council implements a review mechanism in the S106 agreement so that the viability of the scheme can be assessed at further points during the course of construction.

7 Final Conclusion – September 2022

Since issuing our draft report, the Applicant provided a response dated 10 December 2021 and we set out our comments below under the headed sections.

7.1 Affordable Housing Revenue

The Applicant has confirmed that grant funding is not available for the rented units.

7.2 Sales Rates

The Applicant has provided achieved sales from Southmere Village which supports a sales rate of 4 units per month and we have amended our sales rate to 4 units per month.

7.3 Decant & Buy Back Costs

We have reviewed the decant & buy back costs and at this stage in the process it is unclear whether these costs will be the final incurred costs. However, we understand that the Applicant is committed to the section S106 containing a review mechanism of which capture the full incurred costs associated with this element of the scheme appraisal.

7.4 Community Infrastructure Levy

The Applicant has stated that their latest estimate of CIL is £7,323,891 in comparison to the payment of £6,316,995 adopted in their appraisal.

The Council have confirmed that the total CIL liability for the scheme is £5,217,216 which reflects affordable housing relief and we have adopted this sum in our appraisal.

7.5 Developer's Profit

Regarding profit, the Applicant has submitted the following statement:

"Whilst we feel that 20% profit for market housing is appropriate and reflected in RICS guidance, we recognise that 17.5% is starting to be used in some cases. Clearly this would not fundamentally alter the viability position if altered".

We have therefore maintained profit for the market housing units at 17.5% on value and we understand that the Applicant has agreed to a profit of 17.5%.

7.6 Construction Costs

The Applicant has submitted a statement prepared by Calford Seaden regarding their costs and we attach as Appendix 3 CDMs response. In summary, CDM have maintained their cost assessment at c. £494.48m (c. £243 per sq/ft). We highlight that Calford Seaden have not provided a response to the revised cost assessment.

7.7 Final Appraisal Results

We summarise in Table 7.7.1 our final appraisal results.

Table 7.7.1: BNPPRE Appraisal Results

Residual Land Value	Benchmark Site Value	Surplus/Deficit
- c. £49.18m	£0	- c. £49.18m

In summary, our assessment of the scheme generates a deficit of c. £49.18m.

Appendix 1 - CDM Construction Cost Review



Development

**Lesnes Estate
Thamesmead
London SE2 9TQ**

Draft Rev1

Report on Stage 2 Cost Plan

September 2021

1.0 INTRODUCTION, METHODOLOGY AND COMMENTS ON ESTIMATE AND CONCLUSION

Introduction and methodology

CDM Project Services was formed 25 years ago and carries out cost management, project management and other related services both in the UK and overseas. The principal Stephen Brown is a Chartered Quantity Surveyor (M.R.I.C.S.) and a member of the Association of Project managers (M.A.P.M.) with over 40 years' experience, a majority as a Director and Partner of cost consultancy practices and for the past 12 years has been a Director of WT Partnership for which he still acts as a consultant and with whom he shares data. Stephen is also a Non – Executive Director of Savile Brown Associates with whom he also shares data. Stephen has carried out projects and has carried a large number cost estimate reviews including reviewing actual costs within the Greater London Area and South East including in Bexley

We have been requested to carry out an independent review of Stage 2 Cost Plan Rev B dated 28th May 2021 prepared by callfordseaden LLP (CS) in the sum of £525,060,147 equivalent to £258 /ft² or £2,773/m² based on 189,343 m² GIA.

The appraisal uses the sum of £524,112,257 which is slightly higher than the above

We note the appraisal states that W10 and W11 are affordable blocks but the cost plans appear to be based on 80% market sales specification and 20% affordable homes specification, this needs to be clarified

The cost plan includes circa 1.5% of risk allowances and we note in the appraisal no further contingency is added

The cost plan includes 2.5% for contractor's design fees. There is a separate allowance of 8% for professional fees within the appraisal. In our opinion this is a potential duplication and we have omitted subject to clarification and substantiation being a difference of £12,806,345

The development comprises the demolition of existing structures and the phased redevelopment to provide; up to 1,849 residential units (Use Class C3) commercial floor space (Use Class E and sui generis public house) in several blocks ranging from 2-13 storey, enhancements to the Abbey Way public open space and provision of associated car and cycle parking; public realm, open space, hard and soft landscape, highways, and all other associated ancillary works.

There is an introduction and executive summary section

There is a note of information used

Lesnes Estate Cost Report

There is a notes and assumptions section

The procurement is stated as fixed price competitively tendered JCT Design and Build

The costs are stated as 3rd Quarter 2020 but the cost plan is dated May 2021 which is 2nd Quarter 2021. This needs to be clarified

Why are sprinklers included to low height blocks

Why is a concrete frame solution being used for low level blocks where load bearing or lightweight frames could be considered?

Professional fees are excluded but CS clearly state post contract fees are included

Benchmarks- CS have provided benchmarks to support the costs, it is difficult to comment on these comparisons as there is no indication of size, value, massing and height, dwelling mix, tenure mix or status. We understand Southmere phase 1A which is close by is being undertaken by Durkans so there should be relevant benchmark information available.

We have carried out a review of the cost estimate prepared based on benchmarking against known costs on similar projects. When benchmarking the cost against other projects etc. we have taken care to ensure that any rates used are adjusted to take into account the base date of estimate, location, and this particular development. These projects include but are not limited to Erith Quarry 870 homes and primary school, in four phases, on site and Aberfeldy Estate up to 1850 apartments and a school, on site

The costs include a general cost plan allowance section and we comment upon allowances later in this report but comment below on some of specifications stated

We assume 2-3 storey buildings houses and maisonettes could be raft or traditional foundations rather than piled. In the cost plans this is the case

Frame and upper floors we note the costs assume a reinforced concrete solution but as stated the use of alternative solutions should be considered as from our experience these could be more economic

7.5.3 – in our opinion the cost is more like £7/m² rather than £10/m² per £100/1000 increase in brick cost

7.5.5- our experience is for blocks of this height, with balconies the extent of brise soleil is on taller blocks at high level

7.9.1-piling to drainage needs to be clarified

Lesnes Estate Cost Report

7.12.2 risk is stated as 2% but the summary is 1.5%

Inflation- there is an appendix P giving a 5 year forecast, which we have not commented upon as construction costs for affordable homes viability purposes should be at present day

It is difficult of us to confirm the tenant mix in the overall cost plan but we can state that we have received breakdowns which relate to 761 dwellings and of these 605 had a market sales specification (shared ownership appears to be the same specification) and 152 with affordable homes specification so circa 20%. So interpolating this we assume cost plan is based on 1479 private dwellings specification and 370 affordable dwellings specification. There could be a small saving if the extent of affordable dwellings were to increase

The costs appear to assume commercial areas are finished to shell and core only

We are also obligated to review the cost estimate using BCIS as it is referenced in the planning guide lines. For a residential new building of 6 storey plus the average cost in this location is circa £2,161 /m2 GIA, houses generally £1,532/m2 GIA to this needs to be added demolitions, external works and site abnormal items. A copy of the BCIS average price information is attached

Cost Plan

Summary

The preliminaries allowance is stated as 16%. We would normally expect 15% for a project of this size but we note there will be phasing so taking into consideration 16% does not appear unreasonable

Overheads and profit is stated as 5.50% which in our opinion for project of this size and type is the market level based on recent tenders should be 5% being a difference of 0.5%

Risk- see previous comments

Design fees – see previous comments

Demolitions- the basis of the cost is site area 69,000 x 125 from our benchmarks this should be circa £80/m2. What is the area of existing buildings to be demolished, CBRE references 27,858m2 from our benchmarks 27,858m2 x £130/m2 plus assuming two storey (69,000-13,900) x 50/m2 so circa £6,500,000. CS reference cost data on Binsey Walk and Caroline Walk as the basis so it would be useful to receive these as they informed CS's cost estimate. We have adjusted by £500,000 subject to clarification

Lesnes Estate Cost Report

External works – in our opinion costs appear reasonable, the costs include £187,346 for artwork

Underground drainage the cost appears very high against our benchmarks by circa £2,000,000. CS state that the ground conditions necessitate piled drainage, this requires clarification. Our experience of poor ground conditions required over excavation and additional granular material and lean mix. How is the existing drainage constructed on this site and how is this being dealt with on Southmere. We have adjusted by £500,000 subject to clarification

External services-there is an allowance for energy centres which appear reasonable.

There is an allowance for diversions which amounts to £3,021,500 which appears high, what is basis of rates and lengths, have adjusted by £500,000 subject to clarification

Incoming supplies- Gas – why is there an allowance for gas to dwellings when we understand it is a back up to central air source heat pump facility, have adjusted by £800,000 subject to clarification. Virgin media – what is basis of £400 per dwelling charge, we have not adjusted subject to clarification

Off-site infrastructure, can we obtain a copy of the UKPN quote to confirm cost

Builder's work- diversion rates appear to include excavations etc., notwithstanding this we would not expect a cost over 10% being £955,000 or a difference of circa £427,000

Phasing has been included at 15% especially as connection costs and off site infrastructure are one off cost, we do not understand the basis of this amount and costs for affordable homes viability should be a present day cost. Subject to clarification we have adjusted by 5% to 10% being a difference of circa £530,000 and subject to other adjustments

WR07

This is 9 floors and 10,068m² and 106 units on the summary of areas and detailed build up is 9813m² and 102 apartments and 255m² and 4 maisonettes

Apartments

Substructure -Excavation and disposal in our opinion is high by £20/m³ or £24,700

Piled foundation rate in our opinion is high by £25/m² or £41,175

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £24,621

Lesnes Estate Cost Report

Frame- Podium frame rate, why is it £400/m² would expect it to be the same as main frame being a difference of £105/m² or £55,125

Upper floors – external walkways and balconies would not expect to be over £350/m² or a difference of £15,500 and £186,250

Roof, stairs- in our opinion costs appear reasonable

External walls – what is basis of 25% for detailing and £125/m² rate we have not adjusted subject to clarification. Why is external walkway balustrade rate higher than podium and balconies have not adjusted subject to clarification?

Windows- these appear to be extra over the external walls, this needs to be clarified, if this is the case rate is high, have adjusted an arbitrary £50,000 subject to clarification

Shading allowance- what is the basis of this, see previous comments above, we have not adjusted subject to clarification

Internal walls, internal doors- in our opinion cost appears reasonable

Wall finishes – decoration rate in our opinion should be £8/m² being a difference of £34,004

Floor finish- in our opinion cost is reasonable

Ceiling finish- decoration rate in our opinion should be £9/m² being a difference of £19,626

Fittings and fixtures- general signage rate at £4/m² appears high and would not expect over £3/m² or a difference of £9,813

Sanitary ware-in our opinion cost is reasonable

Services- in our opinion cost is reasonable, why is electric car charging being provided to 40% of car spaces, is this planning policy?

Lifts- there is 4 lifts and 10 floors so do not understand description but overall cost is reasonable

Builder's works- in our opinion cost is reasonable

Maisonettes

Substructure -Excavation and disposal in our opinion is high by £20/m³ or £1,920

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £1,072

Lesnes Estate Cost Report

Frame- why is a concrete frame being used, a loadbearing solution or lightweight frame could be more economic in our opinion

Upper floors- we do not understand that 8 nr balconies equivalent to 50% of GIA are being provided, this needs to be clarified and rate in our opinion is high by £200/m² being a difference of £21,600

External walls and windows – similar comments to apartments in regard to 25% for detailing and whether window area and rate is extra over but have not adjusted

Sprinklers assume required as integrated into block

WR10

This is 8 floors and 15,544m² and 155 units on the summary of areas and detailed build up is 9813m² and 102 apartments and 255m² and 4 maisonettes

Substructure -Excavation and disposal in our opinion is high by £15/m³ or £30,105

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £32,124

Frame- Podium frame rate, why is it £400/m² would expect it to be the same as main frame being a difference of £105/m² or £162,866

Upper floors – external walkways and balconies would not expect to be over £350/m² or a difference of £20,700 and £436,250

External walls – what is basis of 25% for detailing and £125/m² rate we have not adjusted subject to clarification. Why is external walkway balustrade rate higher than podium and balconies have not adjusted subject to clarification?

Windows- these appear to be extra over the external walls, this needs to be clarified, if this is the case rate is high, have adjusted an arbitrary £50,000 subject to clarification

Shading allowance- what is the basis of this, see previous comments above, we have not adjusted subject to clarification

Wall finishes – decoration rate in our opinion should be £8/m² being a difference of £51,234

Ceiling finish- decoration rate in our opinion should be £9/m² being a difference of £31,088

Lesnes Estate Cost Report

Fittings and fixtures- general signage rate at £4/m² appears high and would not expect over £3/m² or a difference of £15,544

Electric car charging percentage to be clarified

WR11 Houses

This comprises 2 floors, 3526m² and 25 dwellings

Substructure -Excavation and disposal in our opinion is high by £20/m³ or £17,640

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £6,781

We note this allows for loadbearing construction

External walls and windows – similar comments to apartments in regard to 25% for detailing and whether window area and rate is extra over but have not adjusted

Wall finishes – decoration rate in our opinion should be £8/m² being a difference of £9,598

Fittings and fixtures- general signage rate at £4/m² appears high and would not expect over £3/m² or a difference of £3,526

Services- why is there sprinklers to two storey houses, we have omitted being a difference of £105,786

CR01

This is 6 floors and 7,907m² and 70 units on the summary of areas and detailed build up is 7,260m² and 70 apartments and 646m² commercial

Substructure -Excavation and disposal in our opinion is high by £15/m³ or £16,935

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £17,762

Frame- Podium frame rate, why is it £400/m² would expect it to be the same as main frame being a difference of £105/m² or £133,035

Upper floors – external walkways and balconies would not expect to be over £350/m² or a difference of £24,300 and £113,750

Lesnes Estate Cost Report

External walls – what is basis of 25% for detailing and £125/m² rate we have not adjusted subject to clarification. Why is external walkway balustrade rate higher than podium and balconies have not adjusted subject to clarification?

Windows- these appear to be extra over the external walls, this needs to be clarified, if this is the case rate is high, have adjusted an arbitrary £50,000 subject to clarification

Shading allowance- what is the basis of this, see previous comments above, we have not adjusted subject to clarification

Wall finishes – decoration rate in our opinion should be £8/m² being a difference of £13,474

Ceiling finish- decoration rate in our opinion should be £9/m² being a difference of £14,520

Fittings and fixtures- general signage rate at £4/m² appears high and would not expect over £3/m² or a difference of £7,260

Services – why is there an allowance for car park ventilation when it is shell and core commercial, is part podium car parking and part commercial, have not omitted at this stage subject to clarification

Why is there electric charging to car parking when there is commercial space, is this based on part of are being parking

CR01 Commercial

Substructure- proportion of lower amount already covered in apartment's adjustment

Frame – why is this column free, this needs to be clarified?

Ceiling finish- why is this included if shell and core, have omitted subject to clarification being a difference of £16,155

Services allowance appears low so have increased by £10,000

CR02

This is 11 floors, 27,382 m² being 26,509m² 256 apartments and 873m² commercial

Substructure -Excavation and disposal in our opinion is high by £15/m³ or £39,945

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £42,209

Lesnes Estate Cost Report

Frame- Podium frame rate, why is it £400/m2 would expect it to be the same as main frame being a difference of £105/m2 or £253,995

Upper floors – external walkways and balconies would not expect to be over £350/m2 or a difference of £36,800 and £404,250

External walls – what is basis of 25% for detailing and £125/m2 rate we have not adjusted subject to clarification. Why is external walkway balustrade rate higher than podium and balconies have not adjusted subject to clarification?

Windows- these appear to be extra over the external walls, this needs to be clarified, if this is the case rate is high, have adjusted an arbitrary £50,000 subject to clarification

Shading allowance- what is the basis of this, see previous comments above, we have not adjusted subject to clarification

Wall finishes – decoration rate in our opinion should be £8/m2 being a difference of £47,950

Floor finish area appears to be incorrect on vinyl to upper floors by circa 20,000m2 or £800,000

Ceiling finish- decoration rate in our opinion should be £9/m2 being a difference of £53,018

Fittings and fixtures- general signage rate at £4/m2 appears high and would not expect over £3/m2 or a difference of £26,509

Services – why is there an allowance for car park ventilation when it is shell and core commercial, is part podium car parking and part commercial, have not omitted at this stage subject to clarification

Why is there electric charging to car parking when there is commercial space, is this based on part of area being parking

CR02 Commercial

Substructure- proportion of lower amount already covered in apartment's adjustment

Frame – why is this column free, this needs to be clarified?

Ceiling finish- why is this included if shell and core, have omitted subject to clarification being a difference of £21,822

Services allowance appears low so have increased by £20,000

Lesnes Estate Cost Report

CR03

This is 11 floors, 15,506 m2 comprising 14,721m2 136 apartments and 785m2 commercial

Substructure -Excavation and disposal in our opinion is high by £15/m3 or £25,560

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £26,721

Frame- Podium frame rate, why is it £400/m2 would expect it to be the same as main frame being a difference of £105/m2 or £358,995

Upper floors – external walkways and balconies would not expect to be over £350/m2 or a difference of £36,800 and £194,250

External walls – what is basis of 25% for detailing and £125/m2 rate we have not adjusted subject to clarification. Why is external walkway balustrade rate higher than podium and balconies have not adjusted subject to clarification?

Windows- these appear to be extra over the external walls, this needs to be clarified, if this is the case rate is high, have adjusted an arbitrary £50,000 subject to clarification

Shading allowance- what is the basis of this, see previous comments above, we have not adjusted subject to clarification

Wall finishes – decoration rate in our opinion should be £8/m2 being a difference of £26,298

Floor finish area appears to be incorrect on vinyl to upper floors by circa 10,624 m2 or £424,960

Ceiling finish- decoration rate in our opinion should be £9/m2 being a difference of £29,442

Fittings and fixtures- general signage rate at £4/m2 appears high and would not expect over £3/m2 or a difference of £14,721

Services – why is there an allowance £63,543 of car park ventilation when it is shell and core commercial, needs to be clarified?

Extent of car charging

CR03 Commercial

Substructure- proportion of lower amount already covered in apartment's adjustment

Lesnes Estate Cost Report

Frame – why is this column free, this needs to be clarified?

Ceiling finish- why is this included if shell and core, have omitted subject to clarification being a difference of £19,622

Services allowance appears low so have increased by £20,000

CR04 Maisonettes

This is 3 floors, 1828m² and 13 units

The nett area of 1,711m² appears to have been used, this requires clarification, and we have based our cost on 1,828m²

Substructure -Excavation and disposal in our opinion is high by £20/m³ or £9,140

What is the basis of sundries allowance of 5%, this is a contingent allowance and have reduced to 2.5% being a difference of £4,129

Why is this reinforced concrete frame when loadbearing or lightweight frame may be more economic?

Balconies – rate in our opinion is high by £200/m² or £93,600

External walls and windows – similar comments to apartments in regard to 25% for detailing and whether window area and rate is extra over but have not adjusted

Wall finishes – decoration rate in our opinion should be £8/m² being a difference of £3,104

Fittings and fixtures- general signage rate at £4/m² appears high and would not expect over £3/m² or a difference of £1,711

Sprinklers assume required as integrated into block

Difference in areas adds 117m² x £534 or £62,478

Overall

The way the cost plan is constructed the cost per m² for the plots/ buildings which have a detailed breakdown are used on a cost per m² for other plots and buildings and we have followed the same principle

Overall there is a difference of £30,636,982 or circa 5.83% on the amount used in the appraisal making our assessment £494,475,275 equivalent to £243/ft² or £2,616 /m² GIA. A schedule of the adjustments is attached

**Lesnes Estate
Cost Report**

Conclusion

In our opinion the construction costs for use in the appraisal should be £494,475,275 equivalent to £243 /ft² or £2,616 /m² GIA, which is a difference of £30,636,982 or circa 5.83% with the amount used in the appraisal. A summary of differences is attached.

A breakdown matching the appraisal is at the end of the schedule of differences and we have replicated here CDM's breakdown

Based on appraisal

CR01	20,049,163
CR02	67,663,045
WR01	37,628,904
WR02	33,776,541
WR03	21,936,790
WR06	24,194,181
WR07	26,525,865
WR08	39,759,198
WR09	37,978,583
WR10	40,822,840
WR11	15,831,384
WR12	15,831,384
WR04	29,067,627
WR05	30,493,695
CR03	38,678,720
CR04	4,192,660
Demolitions	10,044,694

The above costs includes a contingency of 1.5%

The above costs excludes professional fees and design fees, Calford Seaden had 2.5% included which we have omitted

The costs are based on detailed estimates interpolated to cover plots and the costs appear to be based on 20% being affordable specification and so overall 1479 private dwellings specification and 370 affordable dwellings specification. There could be a small saving if the extent of affordable dwellings were to increase

The commercial is assumed as shell and core

The main differences are design fees, overheads and profit, substructure excavation and sundries, podium frame, walkway and balcony structures, decoration, signage, CRO2 and 3 floor finish, sprinklers to houses and external services allowances

Lesnes Estate Cost Report

Our assessment is subject to clarification, substantiation and further information on the following

- 1 Tenant mix for example appraisal states W10 and W11 all affordable but detailed cost plan appears to be based on 20%**
- 2 Confirmation on base date of cost plan we have assumed 2nd Quarter 2021**
- 3 Allowance of sprinklers to 2 storey and 3 storey houses and maisonettes**
- 4 Concrete frame to low level maisonettes**
- 5 Extent of sun shading**
- 6 Piled drainage**
- 7 Cost data used to inform the demolition cost allowance**
- 8 Service diversions allowances**
- 9 Gas connection**
- 10 Virgin Media cost allowance**
- 11 UKPN quotation**
- 12 External services phasing allowance**
- 13 25% external wall detailing allowance**
- 14 Window allowance**
- 15 Percentage of car charges**
- 16 Confirmation on areas of car parking for CR0 blocks 1, 2, 3.**
- 17 Confirmation on CR04 GIA**

General

It should be noted that there is potential for variance due to the early information the cost estimate is based compared to the cost when the works are undertaken.

It should be understood that the developer may choose to undertake value engineering exercises after the gaining of planning permission in order to reduce their cost.

The developer may also use different construction methodologies to reduce programme and therefore costs.

The information contained in this report is confidential to the parties involved in the application and may not be relied upon by any third party or used for any other purpose than to assess the quantum of affordable housing or other payments due to the Local Authority for this development

RICS Required Statements

We confirm we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information

We have acted in accordance with our instruction from BNP Paribas and that no performance or contingent fees have been agreed

**Lesnes Estate
Cost Report**

We confirm we have no conflict or that risk of conflict exists

**CDM Project Services
September 2021**

Summary of adjustments

	Omission	Addition	
	£	£	
<u>ting works</u>			
s	500,000	0	
	500,000	-	
	-		
Difference	500,000		
CS	8,625,000		
imate	8,125,000		
%	1,300,000		
	9,425,000		
	471,250		CS 5.5%
	9,896,250		
	148,444		
	10,044,694		
	0		CS 2.5%
	10,044,694		
	11,623,040		
	1,726,790	14.86%	
<u>WR07</u>			
<u>Apartments</u>			
Substructure e	24,700	0	
Piled foundatio	41,175		
Substructure sun	24,621		
Podium frame	55,125		
Upper floor walkw	15,500		
Upper floor balcon	186,250		
External wall detaili			Requires clarification
Walkway balustrade			Requires clarification
Windows	50,000		Requires clarification
Sun shading			Requires clarification
Wall finishes decoratio	34,004		
Ceiling finishes	19,626		
Signaage	9,813		
Electric car charging			Requires clarification
<u>Maisonettes</u>			
Substructure excavation	1,920		
Substructure sundries	1,072		
Frames			Requires clarification
Upper floor balconies	21,600		Requires clarification
External wall detailing			Requires clarification
Windows	-		Requires clarification
Sprinklers			Requires clarification
	485,406	-	
	-		
Differen	485,406		
CS	20,472,455		
CDM estimate	19,987,049	£1,985	perm2
Preliminaries 16.00%	3,197,928		
CDM overall estimate	23,184,977		

OH+P	5.0%	1,159,249			CS 5.5%
CDM overall estimate		24,344,226			
Design risk	1.5%	365,163			
CDM overall estimate		24,709,389			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		24,709,389	£2,454		
Externals		1,816,476	£180	10068.00	
CDM		26,525,865			
Appriasal		27,304,073			
Difference		778,208		2.85%	
<u>WR10</u>					
Substructure excavation		30,105		0	
Substructure sundries		32,124			
Podium frame		162,866			
Upper floor walkways		20,700			
Upper floor balconies		162,866			
External wall detailing					Requires clarification
Walkway balustrade					Requires clarification
Windows		50,000			Requires clarification
Sun shading					Requires clarification
Wall finishes decoration		51,234			
Ceiling finishes		31,088			
Signaage		9,813			
Electric car charging					Requires clarification
		550,796		-	
		-			
Difference		550,796			
CS		31,303,286			
CDM estimate		30,752,490	£1,978	perm2	
Preliminaries	16.00%	4,920,398			
CDM overall estimate		35,672,888			
OH+P	5.0%	1,783,644			CS 5.5%
CDM overall estimate		37,456,533			
Design risk	1.5%	561,848			
CDM overall estimate		38,018,381			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		38,018,381	£2,446		
Externals		2,804,460	£180	15544.00	
CDM		40,822,840			
Appriasal		42,154,762			
Difference		1,331,922		3.16%	
<u>WR11 Houses</u>					
Substructure excavation		17,640		0	
Substructure sundries		6,781			
Wall finishes decoration		9,598			
Ceiling finishes		31,088			
Signaage		3,256			
Sprinklers		105,786			Requires clarification
		174,149		-	
		-			
Difference		174,149			
CS		5,366,105			
CDM estimate		5,191,956	£1,472	perm2	
Preliminaries	16.00%	830,713			
CDM overall estimate		6,022,669			

OH+P	5.0%	301,133			CS 5.5%
CDM overall estimate		6,323,802			
Design risk	1.5%	94,857			
CDM overall estimate		6,418,659			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		6,418,659	£1,820		
<u>WR11 Apartments</u>					
Based on W10 less podium		6,686,460			
Adjustment		85,325			
	CDM	6,601,135	£1,934		perm2
Preliminaries	16.00%	1,056,182			
CDM overall estimate		7,657,317			
OH+P	5.0%	382,866			CS 5.5%
CDM overall estimate		8,040,182			
Design risk	1.5%	120,603			
CDM overall estimate		8,160,785			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		8,160,785	£2,391		
	W11	14,579,445	£2,101		
	Externals	1,251,939	£180	6939.00	
	CDM	15,831,384			
Appriaisal W11		18,818,397			
Difference		2,987,013		15.87%	

Other W blocks

<u>Block</u>	<u>Area</u>	<u>Rate</u>			
WR01	14074	£2,454	34,541,115		
WR01	301	1642	494,242		
Externals	14375	180	2,593,548		
		CDM	37,628,904		
		Appraisal	38,984,475		
		Difference	1,355,571	3.48%	
WR02	12861	£2,446	31,456,150		
Externals	12861	180	2,320,391		
		CDM	33,776,541		
		Appraisal	34,878,698		
		Difference	1,102,157	3.16%	
WR03	8531	£2,391	20,397,621		
Externals	8531	180	1,539,169		
		CDM	21,936,790		
		Appraisal	23,135,813		
		Difference	1,199,023	5.18%	
WR04	11068	£2,446	27,070,731		
Externals	11068	180	1,996,896		
		CDM	29,067,627		
		Appraisal	30,016,063		
		Difference	948,436	3.16%	
WR05	11611	£2,446	28,398,830		
Externals	11611	180	2,094,865		
		CDM	30,493,695		
		Appraisal	31,488,711		
		Difference	995,016	3.16%	
WR06	9183	£2,454	22,537,378		
Externals	9183	180	1,656,803		

		CDM	24,194,181		
		Appraisal	24,903,998		
		Difference	709,817	2.85%	
WR08	15139	£2,446	37,027,809		
Externals	15139	180	2,731,389		
		CDM	39,759,198		
		Appraisal	41,056,512		
		Difference	1,297,314	3.16%	
WR09	14461	£2,446	35,369,519		
Externals	14461	180	2,609,064		
		CDM	37,978,583		
		Appraisal	39,217,781		
		Difference	1,239,198	3.16%	
W12	6939	£2,101	14,579,445		
Externals	6939	180	1,251,939		
		CDM	15,831,384		
		Appraisal	18,818,397		
		Difference	2,987,013	15.87%	
<u>CRO1</u>					
<u>Residential</u>					
Substructure excavation			16,935	0	
Substructure sundries			17,762		
Podium frame			133,035		
Upper floor walkways			24,300		
Upper floor balconies			113,750		
External wall detailing					Requires clarification
Walkway balustrade					Requires clarification
Windows			50,000		Requires clarification
Sun shading					Requires clarification
Wall finishes decoration			13,474		
Ceiling finishes			14,250		
Signaage			7,260		
Car park ventilation					Requires clarification
Electric car charging					Requires clarification
<u>Commercial</u>					
Ceiling finish			16,155		
Services				10000	
			390,766	10,000	
			10,000		
		Difference	380,766		
		CS	15,444,285		14753568+690717
		CDM estimate	15,063,519	£1,905	perm2
Preliminaries	16.00%		2,410,163		
		CDM overall estimate	17,473,682		
	OH+P 5.0%		873,684		CS 5.5%
		CDM overall estimate	18,347,366		
	Design risk 1.5%		275,210		
		CDM overall estimate	18,622,577		
	Design fees 2.5%		0		CS 2.5%
		CDM overall estimate	18,622,577	£2,355	
		Externals	1,426,587	180 7907	
		CDM	20,049,163		
		Appriasal	21,443,465		
		Difference	1,394,302	6.50%	

CR02Residential

Substructure excavation	39,945	0	
Substructure sundries	42,209		
Podium frame	253,995		
Upper floor walkways	36,800		
Upper floor balconies	404,250		
External wall detailing			Requires clarification
Walkway balustrade			Requires clarification
Windows	50,000		Requires clarification
Sun shading			Requires clarification
Wall finishes decoration	47,950		
Floor finish	800,000		
Ceiling finishes	53,018		
Signaage	26,509		
Car park ventilation			Requires clarification
Electric car charging			Requires clarification

Commercial

Ceiling finish	21,822		
Services		20000	
	1,754,676	20,000	
	20,000		
Difference	1,734,676		
CS	52,470,167		51316409+1153758
CDM estimate	50,735,491	£1,853	perm2
Preliminaries 16.00%	8,117,679		
CDM overall estimate	58,853,170		
OH+P 5.0%	2,942,658		CS 5.5%
CDM overall estimate	61,795,828		
Design risk 1.5%	926,937		
CDM overall estimate	62,722,765		
Design fees 2.5%	0		CS 2.5%
CDM overall estimate	62,722,765	£2,291	
Externals	4,940,280	180	27382
CDM	67,663,045		
Appriasal	74,258,987		
Difference	6,595,942	8.88%	

CR03Residential

Substructure excavation	25,560	0	
Substructure sundries	26,721		
Podium frame	358,995		
Upper floor walkways	36,800		
Upper floor balconies	194,250		
External wall detailing			Requires clarification
Walkway balustrade			Requires clarification
Windows	50,000		Requires clarification
Sun shading			Requires clarification
Wall finishes decoration	26,298		
Floor finish	424,960		
Ceiling finishes	29,442		
Signaage	14,721		
Car park ventilation			Requires clarification
Electric car charging			Requires clarification

Commercial

Ceiling finish		19,622		
Services			20000	
		1,187,747	20,000	
		20,000		
	Difference	1,167,747		
	CS	30,191,290		29303765+887525
	CDM estimate	29,023,543	£1,872	perm2
Preliminaries	16.00%	4,643,767		
	CDM overall estimate	33,667,310		
	OH+P	5.0%		CS 5.5%
	CDM overall estimate	35,350,675		
	Design risk	1.5%		
	CDM overall estimate	35,880,936		
	Design fees	2.5%		CS 2.5%
	CDM overall estimate	35,880,936	£2,314	
	Externals	2,797,785	180	15506
	CDM	38,678,720		
	Appriasal	42,051,715		
	Difference	3,372,995	8.02%	

CRO4Residential

Substructure excavation		9,140	0	
Substructure sundries		26,721		
Balconies		93,600		
External wall detailing				Requires clarification
Windows		-		Requires clarification
Wall finishes decoration		3,104		
Signaage		1,711		
Sprinklers				Requires clarification
Area			62478	
		134,276	62,478	
		62,478		
	Difference	71,798		
	CS	3,196,399		
	CDM estimate	3,124,601	£1,709	perm2
Preliminaries	16.00%	499,936		
	CDM overall estimate	3,624,537		
	OH+P	5.0%		CS 5.5%
	CDM overall estimate	3,805,764		
	Design risk	1.5%		
	CDM overall estimate	3,862,850		
	Design fees	2.5%		CS 2.5%
	CDM overall estimate	3,862,850	£2,113	
	Externals	329,809	180	1828
	CDM	4,192,660		
	Appriasal	4,957,368		
	Difference	764,708	15.43%	

External works etc

External works		-	0	
Piled underground drainage		500,000		Requires clarification
Diversions		500,000		Requires clarification
Gas supply		800,000		Requires clarification
Virgin media		-		Requires clarification

BWIC with external services	427,000		
Phasing	530,000		
	2,757,000	-	
	-		
Difference	2,757,000		
CS	30,389,636		
CDM estimate	27,632,636	£15,116	perm2
Preliminaries 16.00%	4,421,222		
CDM overall estimate	32,053,858		
OH+P 5.0%	1,602,693		CS 5.5%
CDM overall estimate	33,656,551		
Design risk 1.5%	504,848		
CDM overall estimate	34,161,399		
Design fees 2.5%	0		CS 2.5%
CDM overall estimate	34,161,399	34,161,399	check
Appraisal	38,692,414		
Difference	5,035,863	13.02%	
Rate /m2 GIA	180		
<u>Overall</u>			
Total appraisal	525,112,257	includes demolition	
Total CDM	494,475,275	includes demolition	
	30,636,982	5.83%	
£/m2	2,612		
£/ft2	243		

Breakdown based on appraisal

	<u>Appraisal</u>	<u>CDM</u>	<u>Difference</u>	<u>Percent</u>
CR01	21,443,465	20,049,163	1,394,302	6.50%
CR02	74,258,987	67,663,045	6,595,942	8.88%
WR01	38,984,475	37,628,904	1,355,571	3.48%
WR02	34,878,698	33,776,541	1,102,157	3.16%
WR03	23,135,813	21,936,790	1,199,023	5.18%
WR06	24,903,998	24,194,181	709,817	2.85%
WR07	27,304,073	26,525,865	778,208	2.85%
WR08	41,056,512	39,759,198	1,297,314	3.16%
WR09	39,217,781	37,978,583	1,239,198	3.16%
WR10	42,154,762	40,822,840	1,331,922	3.16%
WR11	18,818,397	15,831,384	2,987,013	15.87%
WR12	18,818,397	15,831,384	2,987,013	15.87%
WR04	30,016,063	29,067,627	948,436	3.16%
WR05	31,488,711	30,493,695	995,016	3.16%
CR03	42,051,715	38,678,720	3,372,995	8.02%
CR04	4,957,368	4,192,660	764,708	15.43%
Sub total	513,489,215	484,430,582	29,058,633	
Adjustment	2			
Appraisal amount	513,489,217	484,430,582	29,058,635	5.66%
Demolitions	11,623,040	10,044,694	1,578,346	13.58%
Total	525,112,257	494,475,275	30,636,982	5.83%

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 28-Aug-2021 00:42

► Rebased to London Borough of Barking (118; sample 10)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (15)	1,536	848	1,342	1,493	1,672	3,479	1223
810.1 Estate housing							
Generally (15)	1,532	748	1,306	1,477	1,674	5,299	1524
Single storey (15)	1,722	977	1,460	1,664	1,922	5,299	251
2-storey (15)	1,480	748	1,291	1,442	1,616	3,206	1172
3-storey (15)	1,578	953	1,274	1,514	1,773	3,166	96
4-storey or above (15)	3,227	1,561	2,584	2,886	4,295	4,807	5
810.11 Estate housing detached (15)	1,979	1,139	1,493	1,685	1,970	5,299	21
810.12 Estate housing semi detached							
Generally (15)	1,526	904	1,325	1,492	1,675	2,792	360
Single storey (15)	1,702	1,129	1,465	1,683	1,876	2,792	74
2-storey (15)	1,482	904	1,312	1,458	1,623	2,578	273
3-storey (15)	1,454	1,096	1,157	1,433	1,570	2,216	13
810.13 Estate housing terraced							
Generally (15)	1,579	953	1,301	1,493	1,744	4,807	291
Single storey (15)	1,769	1,171	1,509	1,669	2,041	2,480	29
2-storey (15)	1,522	961	1,283	1,459	1,677	3,206	215
3-storey (15)	1,597	953	1,257	1,505	1,762	3,166	45
4-storey or above (10)	4,551	4,295	-	-	-	4,807	2
816. Flats (apartments)							
Generally (15)	1,802	890	1,502	1,712	2,030	6,179	871
1-2 storey (15)	1,706	1,042	1,454	1,634	1,898	3,065	203
3-5 storey (15)	1,777	890	1,494	1,701	2,010	3,803	569
6 storey or above (15)	2,161	1,307	1,746	2,024	2,312	6,179	96
841. Housing provided in connection with other facilities (20)	1,921	1,534	-	1,795	-	2,560	4

Appendix 2 - Proposed Scheme Appraisal (September 2021)

Licensed Copy

Development Appraisal

Lesnes Housing Estate

Report Date: 10 September 2021

APPRAISAL SUMMARY

LICENSED COPY

Lesnes Housing Estate

Summary Appraisal for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Phase 1 - Market Housing	26	8, 90	20.00	413,113	34,674,800
Phase 1 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 2 - Market Housing	237	172,319	520.00	378,084	89,605,880
Phase 2 - Affordable	135	101,514	313.00	235,362	31,773,882
Phase 2 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 2 - Grant Funding	1	0	0.00	3,534,000	3,534,000
Phase 3 - Market Housing	106	76,693	520.00	376,230	39,880,360
Phase 3 - Affordable Housing	106	73,098	313.00	215,846	22,879,674
Phase 3 - Grant Funding	1	0	0.00	3,534,000	3,534,000
Phase 3 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 4 - Market Housing	147	118,661	520.00	419,753	61,703,720
Phase 4 - Affordable Housing	406	366,133	313.00	282,265	14,599,629
Phase 4 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 4 - Grant Funding	1	0	0.00	3,534,000	3,534,000
Phase 5 - Market Housing	386	302,906	520.00	408,060	157,511,120
Phase 5 - Car Parking	<u>1</u>	<u>0</u>	0.00	2,320,000	<u>2,320,000</u>
	1,	1, 0,			4, 1,

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale
Retail	1	25,510	15.00	382,650	382,650
Retail	1	2,906	15.00	43,590	43,590
Phase 5 - Retail	<u>1</u>	<u>13,250</u>	15.00	198,750	<u>198,750</u>
Totals	3	41,666			624,990

Investment Valuation

Retail					
Market Rent	382,650	YP @	5.5000%	18.1818	
(0yrs 9mths Rent Free)		PV 0yrs 9mths @	5.5000%	0.9606	6,683,434
Retail					
Current Rent	43,590	YP @	5.5000%	18.1818	792,545
Phase 5 - Retail					
Market Rent	8,75	YP @	5.5000%	18.1818	
(0yrs 9mths Rent Free)		PV 0yrs 9mths @	5.5000%	0.9606	3,471,404
					10,947,383

GROSS DEVELOPMENT VALUE

	685,778,448
Income from Tenants	108,975
IS ION	685,887, 23

ACQUISITION COSTS

e (eg d)	(8, 9, 1)	(48,529,471)
-----------	------------	--------------

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
Phase 1 - Market Housing	379,847 ft²	230.91 pf²	87,712,208
Phase 2 - Market Housing	246,558 ft²	241.59 pf²	59,565,694
Phase 2 - Affordable	138,435 ft²	243.99 pf²	33,776,541
Phase 3 - Market Housing	108,371 ft²	244.77 pf²	26,525,865
Phase 3 - Affordable Housing	98,845 ft²	244.77 pf²	24,194,181
Phase 4 - Market Housing	162,955 ft²	243.99 pf²	39,759,198
Phase 4 - Affordable Housing	472,353 ft²	233.86 pf²	110,464,191
Phase 5 - Market Housing	<u>430,696 ft²</u>	237.83 pf	<u>102,432,702</u>
Totals	2,079,726 ft²		484,430,580
Demolition			10,044,694

APPRAISAL SUMMARY**LICENSED COPY****Lesnes Housing Estate**

Mayoral CIL 2	2,168,255	
Borough CIL	4,418,740	
		6, 1,

Other Construction

Phase 2 Decant/Buy Backs	20,110,048	
Phase 3 - Decant/Buy Backs	19,545,423	
Phase 4 - Decant/Buy Backs	30,867,573	
		0, 3,

PROFESSIONAL FEES

0%	0,363,25
	40,363,250

MARKETING & LETTING

Retail Marketing	28,416 ft	2.00 pF ²	56,832	
Marketing		1.00%	3,579,811	
Letting Agent Fee		10.00%	62,499	
Letting Legal Fee		5.00%	31,250	
				3,730,391

DISPOSAL FEES

Sales Agent Fee	1.00%	5,129,913	
Sales Legal Fee	2.50%	3,591,956	
Sales Legal Fee	0.25%	1,355,251	
			10,077,119

INANCE

Debit Rate 5.500% Credit Rate 0.000% (Nominal)	
Total Finance Cost	10,937,407

TOTAL COSTS**588,164,009****PROFIT****97,723,414****Performance Measures**

Profit on Cost%	16.62%
Profit on GDV%	14.25%
Profit on NDV%	14.25%
Development Yield% (on Rent)	0.11%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%

IRR	N/A
-----	-----

Rent Cover	156 yrs 4 mths
Profit Erosion (finance rate 5.500%)	2 yrs 10 mths

Lesnes Housing Estate

Initial
MRV
382,650
43,590
<u>198,750</u>
624,990

Lesnes Housing Estate

Appendix 3 - CDM Cost Response



Development

**Lesnes Estate
Thamesmead
London SE2 9TQ**

Draft

Response to CBRE Response dated 10/12/2021

January 2022

1.0 INTRODUCTION, COMMENTS AND CONCLUSION

Introduction and comments

CDMPS carried out an independent review of the Stage 2 Cost Plan Rev B dated 28th May 2021 prepared by callfordseaden LLP (CS) in the sum of £525,060,147 equivalent to £258 /ft² or £2,773/m² based on 189,343 m² GIA.

The appraisal uses the sum of £525,112,257 which is slightly higher than the above

In our report dated September 2021 we stated in our opinion the construction costs for use in the appraisal should be £494,475,275 equivalent to £243 /ft² or £2,616 /m² GIA, which is a difference of £30,636,982 or circa 5.83% with the amount used in the appraisal

We received a response to our report dated 10/12/2021 attached to an email dated 12th January 2022 and comment below on Calford Seaden's response included within the CBRE document

We note Calford Seaden's comments regarding the cost plan and understand the level of information and the process but our view is circa £494m is realistic and a number of sundry allowances are contingent items which we have requested clarification and substantiation which has not been provided.

BCIS- we must apologise that this was an error by leaving in the Barking instead of Bexley data. In Bexley the 6 storey apartment average construction cost is £2,196/ m² and housing generally is £1,569/m². A copy is attached. The difference indicated by Calford Seaden is a general difference and the actual difference is 1.61% and 2.4% against those items in our report

Calford Seaden seem to use the difference between the Barking rate and Bexley rate by suggesting our review is based on the Barking BCIS and therefore should be higher which is not correct

When we say we have used benchmarks we rely upon our data base of numerous projects we work on and review throughout Greater London and the South East and we look at actual rates for example for the ground floor slab and compare and comment and we clearly state we take into account location etc.

Calford Seaden seem to not understand the basis of our review and we clearly state we are obliged to review using BCIS and have given comparable average prices but this is not the basis of our review which is clearly stated on page 3

Calford Seaden's comment on CDMPS's level of costs based on BCIS is not relevant

Lesnes Estate Cost Response

As Calford Seaden have raised the issue of BCIS comparison they should address why the comparable base building cost is so much higher than the average BCIS rate

Professional fees- we note and understand the comment and it is for BNP Paribas and CBRE to agree the level of professional fees and for the purposes of the construction costs this should be omitted for a number of reasons first the potential duplication, the second the overall level of fees if included and thirdly the professional fees in the appraisal are being applied to fees already allowed for in the construction costs so for the above reasons it should be omitted from the construction costs

Overheads and profit- our market evidence for projects of this size is between 4-6% and recent projects which include Thameside West £1.3bn-4%, Thames Road Industrial Estate £487m-4.5%, Dagenham Green £800m-5%, IQS £125m-5%, Wembley Park NE02 and NE03 £200m 5%, Aberfeldy Estate £434m – 5%, Erith Quarry £296m- 3%, Queensway Southend £431m-3%, North Quay £1.4bn- 3% (management fee as CM) This demonstrates the overheads and profit could be 5% or lower on a project of this size and our position remains the same

Substructure methodology and rates- we do not understand Calford Seaden's comments as the WR11 houses do not appear to be piled. Calford Seaden have not addressed the comments we have raised in relation to the excavation, piling rates and the sundries allowance

Piled drainage- evidence has been provided as to the reasoning as to why piled drainage has been included but no evidence has been provided as to the basis / substantiation of the £2,000,000 allowance and until that is provided our position remains the same

Concrete and podium frame- We note the comment regarding the frame to the lower blocks. In regard to the podium we note the reasoning and accept there is a basis of the cost difference but would not expect it to be over £50/m². We have reduced our adjustment by 50%. This will increase our assessment by £1,096,488 when you add preliminaries and overheads and profit

Walkways and balconies- comments noted but our assessment is based on our benchmarks for similar elements of work.

Decoration- our assessment is based on our benchmarks so our position remains

Signage-our assessment is based on our benchmarks so our position

Commercial ceilings- noted -the note should also include CR01 but the cost reduction does include CR01

Lesnes Estate Cost Response

Sprinklers – comment noted, we do not understand keeping the allowance for potential change in requirement relating to the commercial spaces.

External services allowances – whilst we appreciate other works have been undertaken Callford Seaden have not provided evidence as to the basis of the quantum in the cost plan. We have referenced in our report on page 3 works undertaken at Southmere and why this has not been benchmarked. We would expect to see something similar to drawing x shows water diversions amounting to t metres on Southmere the rate was r gives y. The allowance is circa £3,021,000 plus circa 15% for builders work and 15% for phasing. Our position remains until we receive substantiation

There are a large number of clarifications, substantiations and additional information required which are raised in our report which have not been addressed in the response

Conclusion

Following receipt of the response our revised position is that in our opinion the construction costs for use in the appraisal should be £494,475,275 equivalent to £243 /ft2 or £2,617 /m2 GIA

A breakdown matching the appraisal is at the end of the schedule of differences and we have replicated here the appraisal breakdown

CR01	20,131,396
CR02	67,820,048
WR01	37,676,536
WR02	33,859,837
WR03	21,936,790
WR06	24,225,260
WR07	26,559,939
WR08	39,857,249
WR09	38,072,242
WR10	40,923,514
WR11	15,831,384
WR12	15,831,384
WR04	29,139,311
WR05	30,568,896
CR03	38,900,624
CR04	4,192,660
Demolitions	10,044,694

The above costs includes a contingency of 1.5%

The above costs excludes professional fees and design fees

A number of clarifications, substantiations and additional remain unanswered

**Lesnes Estate
Cost Response**

General and RICS Required Statements

These are our previous September 2021 report

**Steve Brown
CDM Project Services
January 2022**

Summary of adjustments Rev 1

	Omission	Addition	
	£	£	
<u>ting works</u>			
s	500,000	0	
	500,000	-	
	-		
Difference	500,000		
CS	8,625,000		
imate	8,125,000		
%	1,300,000		
	9,425,000		
	471,250		CS 5.5%
	9,896,250		
	148,444		
	10,044,694		
	0		CS 2.5%
	10,044,694		
	11,623,040		
	1,726,790	14.86%	
<u>WR07</u>			
<u>Apartments</u>			
Substructure e	24,700	0	
Piled foundatio	41,175		
Substructure sun	24,621		
Podium frame	27,563		
Upper floor walkw	15,500		
Upper floor balcon	186,250		
External wall detaili			Requires clarification
Walkway balustrade			Requires clarification
Windows	50,000		Requires clarification
Sun shading			Requires clarification
Wall finishes decoratio	34,004		
Ceiling finishes	19,626		
Signaage	9,813		
Electric car charging			Requires clarification
<u>Maisonettes</u>			
Substructure excavation	1,920		
Substructure sundries	1,072		
Frames			Requires clarification
Upper floor balconies	21,600		Requires clarification
External wall detailing			Requires clarification
Windows	-		Requires clarification
Sprinklers			Requires clarification
	457,844	-	
	-		
Differen	457,844		
CS	20,472,455		
CDM estimate	20,014,611	£1,988	perm2
Preliminaries 16.00%	3,202,338		
CDM overall estimate	23,216,949		

OH+P	5.0%	1,160,847			CS 5.5%
CDM overall estimate		24,377,796			
Design risk	1.5%	365,667			
CDM overall estimate		24,743,463			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		24,743,463	£2,458		
Externals		1,816,476	£180	10068.00	
CDM		26,559,939			
Appriasal		27,304,073			
Difference		744,134		2.73%	
<u>WR10</u>					
Substructure excavation		30,105		0	
Substructure sundries		32,124			
Podium frame		81,433			
Upper floor walkways		20,700			
Upper floor balconies		162,866			
External wall detailing					Requires clarification
Walkway balustrade					Requires clarification
Windows		50,000			Requires clarification
Sun shading					Requires clarification
Wall finishes decoration		51,234			
Ceiling finishes		31,088			
Signaage		9,813			
Electric car charging					Requires clarification
		469,363		-	
		-			
Difference		469,363			
CS		31,303,286			
CDM estimate		30,833,923	£1,984		perm2
Preliminaries	16.00%	4,933,428			
CDM overall estimate		35,767,351			
OH+P	5.0%	1,788,368			CS 5.5%
CDM overall estimate		37,555,718			
Design risk	1.5%	563,336			
CDM overall estimate		38,119,054			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		38,119,054	£2,452		
Externals		2,804,460	£180	15544.00	
CDM		40,923,514			
Appriasal		42,154,762			
Difference		1,231,248		2.92%	
<u>WR11 Houses</u>					
Substructure excavation		17,640		0	
Substructure sundries		6,781			
Wall finishes decoration		9,598			
Ceiling finishes		31,088			
Signaage		3,256			
Sprinklers		105,786			Requires clarification
		174,149		-	
		-			
Difference		174,149			
CS		5,366,105			
CDM estimate		5,191,956	£1,472		perm2
Preliminaries	16.00%	830,713			
CDM overall estimate		6,022,669			

OH+P	5.0%	301,133			CS 5.5%
CDM overall estimate		6,323,802			
Design risk	1.5%	94,857			
CDM overall estimate		6,418,659			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		6,418,659	£1,820		
<u>WR11 Apartments</u>					
Based on W10 less podium		6,686,460			
Adjustment		85,325			
	CDM	6,601,135	£1,934		perm2
Preliminaries	16.00%	1,056,182			
CDM overall estimate		7,657,317			
OH+P	5.0%	382,866			CS 5.5%
CDM overall estimate		8,040,182			
Design risk	1.5%	120,603			
CDM overall estimate		8,160,785			
Design fees	2.5%	0			CS 2.5%
CDM overall estimate		8,160,785	£2,391		
	W11	14,579,445	£2,101		
	Externals	1,251,939	£180	6939.00	
	CDM	15,831,384			
Appriasal W11		18,818,397			
Difference		2,987,013		15.87%	

Other W blocks

<u>Block</u>	<u>Area</u>	<u>Rate</u>			
WR01	14074	£2,458	34,588,747		
WR01	301	1642	494,242		
Externals	14375	180	2,593,548		
		CDM	37,676,536		
		Appraisal	38,984,475		
		Difference	1,307,939	3.36%	
WR02	12861	£2,452	31,539,446		
Externals	12861	180	2,320,391		
		CDM	33,859,837		
		Appraisal	34,878,698		
		Difference	1,018,861	2.92%	
WR03	8531	£2,391	20,397,621		
Externals	8531	180	1,539,169		
		CDM	21,936,790		
		Appraisal	23,135,813		
		Difference	1,199,023	5.18%	
WR04	11068	£2,452	27,142,414		
Externals	11068	180	1,996,896		
		CDM	29,139,311		
		Appraisal	30,016,063		
		Difference	876,752	2.92%	
WR05	11611	£2,452	28,474,031		
Externals	11611	180	2,094,865		
		CDM	30,568,896		
		Appraisal	31,488,711		
		Difference	919,815	2.92%	
WR06	9183	£2,458	22,568,457		
Externals	9183	180	1,656,803		

		CDM	24,225,260		
		Appraisal	24,903,998		
		Difference	678,738	2.73%	
WR08	15139	£2,452	37,125,859		
Externals	15139	180	2,731,389		
		CDM	39,857,249		
		Appraisal	41,056,512		
		Difference	1,199,263	2.92%	
WR09	14461	£2,452	35,463,178		
Externals	14461	180	2,609,064		
		CDM	38,072,242		
		Appraisal	39,217,781		
		Difference	1,145,539	2.92%	
W12	6939	£2,101	14,579,445		
Externals	6939	180	1,251,939		
		CDM	15,831,384		
		Appraisal	18,818,397		
		Difference	2,987,013	15.87%	
<u>CRO1</u>					
<u>Residential</u>					
Substructure excavation			16,935	0	
Substructure sundries			17,762		
Podium frame			66,518		
Upper floor walkways			24,300		
Upper floor balconies			113,750		
External wall detailing					Requires clarification
Walkway balustrade					Requires clarification
Windows			50,000		Requires clarification
Sun shading					Requires clarification
Wall finishes decoration			13,474		
Ceiling finishes			14,250		
Signaage			7,260		
Car park ventilation					Requires clarification
Electric car charging					Requires clarification
<u>Commercial</u>					
Ceiling finish			16,155		
Services				10000	
			324,249	10,000	
			10,000		
		Difference	314,249		
		CS	15,444,285		14753568+690717
		CDM estimate	15,130,036	£1,913	perm2
Preliminaries	16.00%		2,420,806		
		CDM overall estimate	17,550,842		
	OH+P 5.0%		877,542		CS 5.5%
		CDM overall estimate	18,428,384		
	Design risk 1.5%		276,426		
		CDM overall estimate	18,704,810		
	Design fees 2.5%		0		CS 2.5%
		CDM overall estimate	18,704,810	£2,366	
	Externals		1,426,587	180 7907	
		CDM	20,131,396		
	Appriasal		21,443,465		
	Difference		1,312,069	6.12%	

CR02Residential

Substructure excavation	39,945	0	
Substructure sundries	42,209		
Podium frame	126,998		
Upper floor walkways	36,800		
Upper floor balconies	404,250		
External wall detailing			Requires clarification
Walkway balustrade			Requires clarification
Windows	50,000		Requires clarification
Sun shading			Requires clarification
Wall finishes decoration	47,950		
Floor finish	800,000		
Ceiling finishes	53,018		
Signaage	26,509		
Car park ventilation			Requires clarification
Electric car charging			Requires clarification

Commercial

Ceiling finish	21,822		
Services		20000	
	1,627,679	20,000	
	20,000		
Difference	1,607,679		
CS	52,470,167		51316409+1153758
CDM estimate	50,862,488	£1,858	perm2
Preliminaries 16.00%	8,137,998		
CDM overall estimate	59,000,486		
OH+P 5.0%	2,950,024		CS 5.5%
CDM overall estimate	61,950,510		
Design risk 1.5%	929,258		
CDM overall estimate	62,879,768		
Design fees 2.5%	0		CS 2.5%
CDM overall estimate	62,879,768	£2,296	
Externals	4,940,280	180	27382
CDM	67,820,048		
Appriasal	74,258,987		
Difference	6,438,939	8.67%	

CR03Residential

Substructure excavation	25,560	0	
Substructure sundries	26,721		
Podium frame	179,500		
Upper floor walkways	36,800		
Upper floor balconies	194,250		
External wall detailing			Requires clarification
Walkway balustrade			Requires clarification
Windows	50,000		Requires clarification
Sun shading			Requires clarification
Wall finishes decoration	26,298		
Floor finish	424,960		
Ceiling finishes	29,442		
Signaage	14,721		
Car park ventilation			Requires clarification
Electric car charging			Requires clarification

Commercial

Ceiling finish		19,622		
Services			20000	
		1,008,252	20,000	
		20,000		
	Difference	988,252		
	CS	30,191,290		29303765+887525
	CDM estimate	29,203,038	£1,883	perm2
Preliminaries	16.00%	4,672,486		
	CDM overall estimate	33,875,524		
	OH+P	5.0%	1,693,776	CS 5.5%
	CDM overall estimate	35,569,300		
	Design risk	1.5%	533,540	
	CDM overall estimate	36,102,840		
	Design fees	2.5%	0	CS 2.5%
	CDM overall estimate	36,102,840	£2,328	
	Externals	2,797,785	180	15506
	CDM	38,900,624		
	Appriasal	42,051,715		
	Difference	3,151,091	7.49%	

CRO4Residential

Substructure excavation		9,140	0	
Substructure sundries		26,721		
Balconies		93,600		
External wall detailing				Requires clarification
Windows		-		Requires clarification
Wall finishes decoration		3,104		
Signaage		1,711		
Sprinklers				Requires clarification
Area			62478	
		134,276	62,478	
		62,478		
	Difference	71,798		
	CS	3,196,399		
	CDM estimate	3,124,601	£1,709	perm2
Preliminaries	16.00%	499,936		
	CDM overall estimate	3,624,537		
	OH+P	5.0%	181,227	CS 5.5%
	CDM overall estimate	3,805,764		
	Design risk	1.5%	57,086	
	CDM overall estimate	3,862,850		
	Design fees	2.5%	0	CS 2.5%
	CDM overall estimate	3,862,850	£2,113	
	Externals	329,809	180	1828
	CDM	4,192,660		
	Appriasal	4,957,368		
	Difference	764,708	15.43%	

External works etc

External works		-	0	
Piled underground drainage		500,000		Requires clarification
Diversions		500,000		Requires clarification
Gas supply		800,000		Requires clarification
Virgin media		-		Requires clarification

BWIC with external services	427,000		
Phasing	530,000		
	2,757,000	-	
	-		
Difference	2,757,000		
CS	30,389,636		
CDM estimate	27,632,636	£15,116	perm2
Preliminaries 16.00%	4,421,222		
CDM overall estimate	32,053,858		
OH+P 5.0%	1,602,693		CS 5.5%
CDM overall estimate	33,656,551		
Design risk 1.5%	504,848		
CDM overall estimate	34,161,399		
Design fees 2.5%	0		CS 2.5%
CDM overall estimate	34,161,399	34,161,399	check
Appraisal	38,692,414		
Difference	5,035,863	13.02%	
Rate /m2 GIA	180		
<u>Overall</u>			
Total appraisal	525,112,257	includes demolition	
Total CDM	495,571,763	includes demolition	
	29,540,494	5.63%	
£/m2	2,617		
£/ft2	243		

Breakdown based on appraisal

	<u>Appraisal</u>	<u>CDM</u>	<u>Difference</u>	<u>Percent</u>
CR01	21,443,465	20,131,396	1,312,069	6.12%
CR02	74,258,987	67,820,048	6,438,939	8.67%
WR01	38,984,475	37,676,536	1,307,939	3.36%
WR02	34,878,698	33,859,837	1,018,861	2.92%
WR03	23,135,813	21,936,790	1,199,023	5.18%
WR06	24,903,998	24,225,260	678,738	2.73%
WR07	27,304,073	26,559,939	744,134	2.73%
WR08	41,056,512	39,857,249	1,199,263	2.92%
WR09	39,217,781	38,072,242	1,145,539	2.92%
WR10	42,154,762	40,923,514	1,231,248	2.92%
WR11	18,818,397	15,831,384	2,987,013	15.87%
WR12	18,818,397	15,831,384	2,987,013	15.87%
WR04	30,016,063	29,139,311	876,752	2.92%
WR05	31,488,711	30,568,896	919,815	2.92%
CR03	42,051,715	38,900,624	3,151,091	7.49%
CR04	4,957,368	4,192,660	764,708	15.43%
Sub total	513,489,215	485,527,069	27,962,146	
Adjustment	2			
Appraisal amount	513,489,217	485,527,069	27,962,148	5.45%
Demolitions	11,623,040	10,044,694	1,578,346	13.58%
Total	525,112,257	495,571,763	29,540,494	5.63%

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 01-Jan-2022 00:36

► Rebased to 2Q 2021 (331) and London Borough of Bexley (123; sample 17)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (15)	1,573	861	1,378	1,528	1,713	3,573	1218
810.1 Estate housing							
Generally (15)	1,569	759	1,337	1,512	1,713	5,442	1491
Single storey (15)	1,764	1,003	1,501	1,706	1,962	5,442	244
2-storey (15)	1,516	759	1,320	1,475	1,656	3,309	1150
3-storey (15)	1,621	983	1,302	1,550	1,818	3,235	92
4-storey or above (15)	3,308	1,613	2,640	2,948	4,434	4,907	5
810.11 Estate housing detached (15)	2,031	1,169	1,533	1,731	2,044	5,442	21
810.12 Estate housing semi detached							
Generally (15)	1,565	929	1,347	1,528	1,718	2,897	353
Single storey (15)	1,746	1,160	1,516	1,720	1,928	2,897	73
2-storey (15)	1,519	929	1,339	1,488	1,662	2,647	267
3-storey (15)	1,491	1,114	1,188	1,472	1,612	2,275	13
810.13 Estate housing terraced							
Generally (15)	1,618	983	1,320	1,533	1,778	4,907	275
Single storey (15)	1,818	1,202	1,548	1,714	2,091	2,546	25
2-storey (15)	1,556	987	1,317	1,487	1,711	3,309	205
3-storey (15)	1,651	983	1,294	1,532	1,860	3,235	43
4-storey or above (10)	4,671	4,434	-	-	-	4,907	2
816. Flats (apartments)							
Generally (15)	1,850	914	1,539	1,762	2,084	6,378	851
1-2 storey (15)	1,756	1,087	1,496	1,677	1,966	3,147	194
3-5 storey (15)	1,824	914	1,531	1,745	2,067	3,862	557
6 storey or above (15)	2,196	1,355	1,811	2,059	2,343	6,378	97
818. Housing with shops, offices, workshops or the like (15)	2,288	925	1,791	2,066	2,635	5,690	85
841. Housing provided in connection with other facilities (20)	1,977	1,575	-	1,852	-	2,629	4

Appendix 4 - Proposed Scheme Appraisal (September 2022)

Licensed Copy

Development Appraisal

Lesnes Housing Estate

Report Date: September 14, 2022

APPRAISAL SUMMARY**LICENSED COPY****Lesnes Housing Estate**

Summary Appraisal for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Phase 1 - Market Housing	326	258,990	520.00	413,113	134,674,800
Phase 1 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 2 - Market Housing	237	172,319	520.00	378,084	89,605,880
Phase 2 - Affordable	135	101,514	313.00	235,362	31,773,882
Phase 2 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 2 - Grant Funding	1	0	0.00	3,534,000	3,534,000
Phase 3 - Market Housing	106	76,693	520.00	376,230	39,880,360
Phase 3 - Affordable Housing	106	73,098	313.00	215,846	22,879,674
Phase 3 - Grant Funding	1	0	0.00	3,534,000	3,534,000
Phase 3 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 4 - Market Housing	147	118,661	520.00	419,753	61,703,720
Phase 4 - Affordable Housing	406	366,133	313.00	282,265	114,599,629
Phase 4 - Car Parking	1	0	0.00	2,320,000	2,320,000
Phase 4 - Grant Funding	1	0	0.00	3,534,000	3,534,000
Phase 5 - Market Housing	386	302,906	520.00	408,060	157,511,120
Phase 5 - Car Parking	1	0	0.00	2,320,000	2,320,000
Totals	1,857	1,470,314			674,831,065

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Retail	1	25,510	15.00	382,650	382,650	382,650
Retail	1	2,906	15.00	43,590	43,590	43,590
Phase 5 - Retail	1	13,250	15.00	198,750	198,750	198,750
Totals	3	41,666			624,990	624,990

Investment Valuation

Retail					
Market Rent	382,650	YP @	5.5000%	18.1818	
(0yrs 9mths Rent Free)		PV 0yrs 9mths @	5.5000%	0.9606	6,683,434
Retail					
Current Rent	43,590	YP @	5.5000%	18.1818	792,545
Phase 5 - Retail					
Market Rent	198,750	YP @	5.5000%	18.1818	
(0yrs 9mths Rent Free)		PV 0yrs 9mths @	5.5000%	0.9606	3,471,404
					10,947,383

GROSS DEVELOPMENT VALUE**685,778,448**

Income from Tenants

108,975

NET REALISATION**685,887,423****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(49,177,832)	(49,177,832)
------------------------------------	--------------	--------------

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Phase 1 - Market Housing	379,847 ft²	230.91 pf²	87,712,208	
Phase 2 - Market Housing	246,558 ft²	241.59 pf²	59,565,694	
Phase 2 - Affordable	138,435 ft²	243.99 pf²	33,776,541	
Phase 3 - Market Housing	108,371 ft²	244.77 pf²	26,525,865	
Phase 3 - Affordable Housing	98,845 ft²	244.77 pf²	24,194,181	
Phase 4 - Market Housing	162,955 ft²	243.99 pf²	39,759,198	
Phase 4 - Affordable Housing	472,353 ft²	233.86 pf²	110,464,191	
Phase 5 - Market Housing	430,696 ft²	237.83 pf²	102,432,702	
Totals	2,079,726 ft²		484,430,580	484,430,580
Demolition			10,044,694	
Mayoral CIL 2			1,658,164	
Borough CIL			3,393,452	
				15,096,310

APPRAISAL SUMMARY**LICENSED COPY****Lesnes Housing Estate****Other Construction**

Phase 2 Decant/Buy Backs		20,110,048	
Phase 3 - Decant/Buy Backs		19,545,423	
Phase 4 - Decant/Buy Backs		30,867,573	
			70,523,044

PROFESSIONAL FEES

Architect		8.00%	40,363,250	
				40,363,250

MARKETING & LETTING

Retail Marketing	28,416 ft²	2.00 pf²	56,832	
Marketing		1.00%	3,579,811	
Letting Agent Fee		10.00%	62,499	
Letting Legal Fee		5.00%	31,250	
				3,730,391

DISPOSAL FEES

Sales Agent Fee		1.00%	5,129,913	
Sales Legal Fee		2.50%	3,591,956	
Sales Legal Fee		0.25%	1,355,251	
				10,077,119

FINANCE

Debit Rate 5.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				13,121,314

TOTAL COSTS**588,164,176****PROFIT****97,723,247****Performance Measures**

Profit on Cost%	16.62%
Profit on GDV%	14.25%
Profit on NDV%	14.25%
Development Yield% (on Rent)	0.11%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%

IRR	N/A
-----	-----

Rent Cover	156 yrs 4 mths
Profit Erosion (finance rate 5.500%)	2 yrs 10 mths